

Message Text

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17

ACTION XMB-04

INFO OCT-01 NEA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 TRSE-00 OPIC-06 SP-02 CIEP-02

OMB-01 L-02 /047 W

----- 103876

R 100915Z MAR 75

FM AMCONSUL KARACHI

TO SECSTATE WASHDC 8710

INFO AMEMBASSY ISLAMABAD

UNCLAS KARACHI 0425

E.O. 11652: N/A

TAGS: EFIN, EAIR, PK

SUBJ: EXIM FINANCING IN CONNECTION WITH PROSPECTIVE PIA PURCHASE
OF FOURTH DC-10

SUMMARY: PIA HAS NOW FINALLY MADE DECISION IN PRINCIPLE EXERCISE
ITS OPTION FOR FOURTH DC-10. DOUGLAS REP VISITING HERE HAS INFORMED
CONGEN OF COMPANY'S INTENTIONS SEEK PARTICIPATION EXIM BANK IN
FINANCING FOR AIRCRAFT. OPTION EXERCISE DOCUMENT TO BE SIGNED BY
PIA WILL STIPULATE DEAL CONTINGENT UPON "PROVISION ACCEPTABLE
FINANCING". END SUMMARY.

1. AFTER SEVERAL EXTENSIONS REQUESTED BY PIA AND GIVEN BY DOUGLAS
ON OPTION EXERCISE DATE FOR PIA PURCHASE OF ITS FOURTH DC-10
AIRCRAFT, PIA INFORMED DOUGLAS PM EVE OF FEB. 15 DEADLINE OF
COMPANY'S INTENTION IN PRINCIPLE TO PURCHASE FOURTH AIRCRAFT AND
REQUESTED VISIT TO KARACHI OF DOUGLAS REPS TO COMPLETE DETAILS OF

CONTRACT.

2. FOLLOWING ARRIVAL HERE MARCH 2 OF DOUGLAS SALES REP SHERMAN
PRUITT, PIA, AS USUAL, STILL HOLDING OUT FOR FURTHER TECHNICAL
CONCESSIONS AND BARGAINING STILL PROCEEDING. PRUITT BELIEVES,
HOWEVER, PIA AND DOUGLAS WILL REACH AGREEMENT BEFORE FINAL DEADLINE
OF MARCH 15 WHICH DOUGLAS HAS NOW SET FOR RECEIPT OF 5 PERCENT

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DOWN PAYMENT ON AIRCRAFT PACKAGE, WHICH WILL AMOUNT TO AT LEAST

DOL 1 MILLION. AGREEMENT WILL BE CONTINGENT UPON ARRANGEMENT OF "ACCEPTABLE FINANCING".

3. IF ALL GOES WELL AND DEAL CONCLUDED, MCDONNELL DOUGLAS FINANCING CORPORATION (MDFC) WILL BE IN TOUCH SHORTLY WITH EXIM BANK CONCERNING EXIM PARTICIPATION IN FINANCING. FYI - DOUGLAS BELIEVES SUCH FINANCING ESSENTIAL IN ORDER TO WORK UP "ACCEPTABLE" PACKAGE SINCE EXIM WOULD BE ABLE TO TAKE UP LONG MATURITIES IN PACKAGE AND, WITH ITS SOMEWHAT CHEAPER MONEY, BE ABLE TO REDUCE SIGNIFICANTLY OVERALL INTEREST RETURN OF COMBINED FINANCING. DOUGLAS REP HOPES EMBASSY AND DEPARTMENT WILL SUPPORT DOUGLAS IN ITS EFFORTS OBTAIN EXIM PARTICIPATION IN FINANCING.

4. COMMENT: VISIT OF REGIONAL CIVIL AIR ATTACHE DWOR TO KARACHI MARCH 11 - 13 COMES AT OPPORTUNE TIME. HIS COMMENTS CONCERNING PIA ACQUISITION FOURTH DC-10 AND PRESENT SITUATION OF AIRLINE WILL NO DOUBT BE ENLIGHTENING.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRCRAFT SALES, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KARACH00425
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750083-0135
From: KARACHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750367/aaaacigh.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 06 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 JUN 2003 by BrownAM>; APPROVED <26 FEB 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXIM FINANCING IN CONNECTION WITH PROSPECTIVE PIA PURCHASE OF FOURTH DC-10
TAGS: EFIN, EAIR, PK, PIA, XMB
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006